Chapter - III

CONCEPTUAL FRAMEWORK

“Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives”

- William A. Foster

3.1 INTRODUCTION:

With the rapid changes in business environment, the need of HRD is growing very fast. Organizations access the world is increasingly becoming aware of the importance of human resources. A few years back, it was left to individual managers themselves to develop their managerial competencies. There was handful of organizations which had put in place a well articulated management development programmes. However, with the increasing competition, growing realization that the human resource has strategic advantage, many trends and experiments are happening especially in management development and in training managers in general. It is imperative for human resource practitioner to keep himself abreast of the latest developments in the field of human resource development policies and practices.

3.2 THE CONCEPT OF HUMAN RESOURCE DEVELOPMENT:

Employees are the most important and valuable resources of any organisation. Dynamic employee can build progressive and growth oriented organisation. Effective employees can contribute to the effectiveness of the organisation. Competent and motivated employee can make things happen and enable an organisation to achieve its goals.
Therefore, organisations should continuously ensure the dynamism, effectiveness, competency and motivation of its employee remain at a high level.

The development of human being has been in existence in some form or the other since the beginning of civilization. However a planned and systematic approach to HRD in the corporate sector emerged in the later half of the 20th century “HRD process might have existed to some extent earlier in India, but a professional outlook to HRD began only in 1970. Larsen and Toubro is perhaps the first company in India to design and implement an integrated HRD system in the 1970s. The first workshop on HRD was held in 1979. A center for HRD was established in the “Xavier Labour Relations Institute, (XLRI) Jamshedpur. A national HRD Network has also been established in 1985 and now several public and private sector organisations have HRD department and HRD manager” ¹. Leonard Nadler formally introduced the concept of HRD in 1969 in a conference organised by the American Society for Training and Development.” “He defines HRD as house learning experiences which are organised for a specific time and designed to bring about the possibility of behavioral change²

Among the Indian Authors T.V. Rao worked extensively on HRD. He defines HRD in the organizational context as ‘A process by which the employees of an org are helped in a continuous planned way to -

a) Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles.

¹ Gupta C-B (1988) HRM, New Delhi, Sut P. 3-56.
² Nadler Leonard Corporate HRD Ne york, van Nostrand, P. 5.
b) Development of their general capabilities as individuals and discover and exploit their own inner potentials for their own and organisational development purposes.

c) Development of an organizational culture in which subordinate relationship, team work and collaboration among sub units are strong and contributes to the professional well being, motivation and pride of employees”

Basically HRD has multiple goals. They include: employees of competencies - knowledge, skills and attitudes in technical areas, human relations areas and conceptual areas- to perform different task or functions. It identifies competency gaps of employees and trains them to perform present roles effectively and bridge these gaps through development. Also the nature of the job is constantly changing due to various changes, which require continuous development of employee’s competencies. HRD aims at constantly assessing the competency requirements of different individuals to effectively perform the assigned jobs. HRD aims at preparing employees for performing roles, tasks or functions that they may be required to perform in the future. Thus it develops the potential of employees for future jobs and roles in organization. Motivation development is also an aim of HRD. Motivation means the desire to work or put in work effort. It is an involvement in the job and the commitment to the organization. Finally HRD promotes team building and collaborative climate. This requires building and enabling organizational culture-one in which employees use their initiative’ take risks experiment, innovate and make things happen.

The effective performance of an organization depends not just on the available resources but its quality and competent work force as required by the organization. According to Leon. C Megginson, the term human resource can be thought as “the total knowledge, skills, creative abilities, talents and aptitudes of an organization’s workforce as well as value attitude and beliefs of the individuals involved. The more important aspects of human resource are aptitude, values, attitudes and beliefs. But in a given situation if these aspects remain same the other aspect of human resources like knowledge, skill, creative abilities and talents plays an important role in deciding the efficiency and effectiveness of an organization’s workforce. HRD is the only tool through which one can develop these skills among the employees. It assumes significance in fast changing organization’s, environment and the need of the organization to adept new techniques in order to respond to the environmental changes. It plays a vital role in the success and growth of an organization. It improves the capabilities of people by making them better aware of the skill required for Job performance. It improves employee’s commitment, collaboration and teamwork, problem solving skills, innovative, proactive and risk taking capacity.

In order to develop multidimensional workforce through HRD management must practice the principles of HRD as – the company must state it’s corporate policy on human resources, complete faith and support of top management, sound planning, proper utilization available resources, development of new skills, positive and developmental (co conductive) organizational climate, person with proven reputations and skills should be functionaries, each subsystem

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of HRD should be sequentially phased and built one over the other, continuous exchanging and sharing experiences of HRD and professional and regular monitoring the progress of HRD.

There are number of human resource development interventions or instruments. These instruments may be called sub-systems or methods or mechanisms. Each of these sub-systems focuses on some particular aspect of HRD. Role analysis, Man power planning and Recruitment and induction mechanisms are relating to acquisition of human resource. Training and development, career planning and development, promotion, transfer and demotion, employee involvement in management are the HRD mechanisms very essential for employee development. Performance appraisal, compensation, employee welfare facilities and benefits, Rewards and grievance redressals sub-systems of HRD are relating to employee motivation. In the context of HRD policies and practices in computer software industries conceptual aspects of following sub-systems are discussed:

1. Role analysis
2. Manpower planning
3. Recruitment
4. Induction
5. Training and development
6. Career planning and Development
7. Promotion, transfer and demotion
8. Employees participation in Management
9. Performance appraisal
10. Compensation
11. Employee welfare facilities and benefits
12. Rewards
13. Grievance redresseal
3.3 HUMAN RESOURCE MANAGEMENT:

The concept of human resource management (HRM) has attracted a lot of attention from academics and practitioners alike since it first emerged in the mid-1980s. The former often suspect both the practicality and morality of HRM. The latter have often absorbed some if not all of the HRM philosophy and attempted to put it into effect with varying degrees of success for various good and bad reasons.

The overall purpose of HRM is to ensure that the organization is able to achieve success through people. As Ulrich and Lake (1990)⁵ has remarked: HRM systems can be the source of organizational capabilities that allow firms to learn and capitalize on new opportunities'.

Specifically, HRM aims to:

- Enable the organization to obtain and retain the skilled, committed and well-motivated workforce it needs;
- Enhance and develop the inherent capacities of people - their contributions, potential and employability - by providing learning and continuous development opportunities;
- Develop high-performance work systems that include 'rigorous recruitment and selection procedures, performance-contingent incentive compensation systems, and management development and training activities linked to the needs of the business' (Becker et al, 1997) ⁶;

• Develop high-commitment management practices that recognize that employees are valued stakeholders in the organization and help to develop a climate of cooperation and mutual trust;

• Create a climate in which productive and harmonious relationships can be maintained through partnerships between management and employees;

• Develop an environment in which teamwork and flexibility can flourish; help the organization to balance and adapt to the needs of its stakeholders (owners, government bodies or trustees, management, employees, customers, suppliers and the public at large);

• Ensure that people are valued and rewarded for what they do and achieve;

• Manage a diverse workforce, taking into account individual and group differences in employment needs, work style and aspirations;

• Ensure that equal opportunities are available to all;

• Adopt an ethical approach to managing employees that is based on concern for people, fairness and transparency;

• Maintain and improve the physical and mental well-being of employees.

These aims are ambitious and could be regarded as mere rhetoric. The research conducted by Gratton et al (1999) found that there was generally a wide gap between rhetoric and reality. Managements may start off with good intentions to do some or all of these things but the realization of them - 'theory in use' - is often very difficult. This arises

because of contextual and process problems: other business priorities, short-termism, lack of support from line managers, an inadequate infrastructure of supporting processes, lack of resources, resistance to change and a climate in which employees do not trust management, whatever they say.

The Development of HRM concept: Some aspects of the basic philosophy of 'soft HRM' can be traced back to the writings of McGregor (1960) who, as mentioned by Truss (1999), even used the terminology 'hard' and 'soft' to characterize forms of management control. McGregor's theory X essentially describes the 'control' model of management as described by Walton (1985) while McGregor's theory Y emphasizes the importance of integrating the needs of the organization and those of the individual the principle of mutual commitment, again expressed by Walton.

The full concept of HRM emerged in the mid-1980s against the background of the popular writers on management who flourished in that decade. These included Pascale R Athos (1981) and Peters T Waterman (1982) who produced lists of the attributes that they claimed characterized successful companies. These popular 'school of excellence' writers may have exerted some influence on management thinking about the need for strong cultures and commitment (two

features of the HRM philosophy) but, as Guest (1993)\(^{13}\) has commented, they were right enough to be dangerously wrong.

The concept of HRM has gone through three stages:

1) The initial concepts developed by American writers in the 1980s.

2) The take-up of these comments by British writers in the late 1980s and earlier 1990s who were often skeptical about the reality beyond the rhetoric and dubious about its morality.

3) The assimilation of HRM into traditional personnel management.

The two initial concepts of HRM have been christened by Boxall (1992) as the 'matching model' and the 'Harvard framework'.

One of the first explicit statements of the HRM concept was made by the Michigan School (Fombrun et al. 1984)\(^{14}\). They held that HR systems and the organization structure should be managed in a way that is congruent with organizational strategy (hence the name 'matching model'). They further explained that there is a human resource cycle which consists of four generic processes or functions that are performed in all organizations. These are:

1) Selection - matching available human resources to jobs.

2) Appraisal - (performance management).

3) Rewards - the reward system is one of the most under-utilized and mishandled managerial tools for driving

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organizational performance'. It must reward short- as well as long-term achievements, bearing in mind that 'business must perform in the present to succeed in the future'.

4) Development - developing high-quality employees.

He suggest that the HR function should be linked to the line organization by providing the business with HR databases, by ensuring that senior managers give HR issues much attention, and by measuring the contribution of the HR function at the strategic, managerial and operational levels.

**The Harvard Framework:**

The other founding fathers of HRM were the Harvard School of Beer et al (1984)\(^{15}\) who developed what Boxall 1992\(^{16}\) is called the 'Harvard framework'. This framework is based on the belief that the problems of historical personnel management can only be solved when general managers develop a viewpoint of how they wish to see employees involved in and developed by the enterprise, and of what HRM policies and practices may achieve those goals. Without either a central philosophy or a strategic vision - which can be provided only by general managers - HRM is likely to remain a set of independent activities, each guided by its own practice tradition.

Beer and his colleagues believed that 'Today, many pressures are demanding a broader, more comprehensive and more strategic perspective with regard to the organization's human resources'. These pressures have created a need for 'a longer-term perspective in

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managing people and consideration of people as potential assets rather than merely a variable cost'. They were the first to underline the tenet that HRM belongs to line managers. They also stated that: 'Human resource management involves all management decisions and action that affect the nature of the relationship between the organization and its employees - its human resources'.

The Harvard school suggested that HRM had two characteristic features:

1) Line managers accept more responsibility for ensuring the alignment of competitive strategy and personnel policies; and
2) The personnel function has the mission of setting policies that govern how personnel activities are developed and implemented in ways that make them more mutually reinforcing.

According to Boxall (1992) the advantages of this model are that it:

- Incorporates recognition of a range of stakeholder interests;
- Recognizes the importance of 'trade-offs', either explicitly or implicitly, between the interests of owners and those of employees, as well as between various interest groups;
- Widens the context of HRM to include 'employee influence', the organization of work and the associated question of supervisory style;
- Acknowledges a broad range of contextual influences on management's choice of strategy, suggesting a meshing of both product-market and socio-cultural logics;
- Emphasizes strategic choice it is not driven by situational or environmental determinism.
The Harvard model has exerted considerable influence over the theory and practice of HRM, particularly in its emphasis on the fact that HRM is the concern of management in general rather than the personnel function in particular. Walton (1985), also of Harvard, expanded the concept by emphasizing the importance of commitment and mutuality:

The new HRM model is composed of policies that promote mutuality - mutual goals, mutual influence, mutual respect, mutual Rewards, and mutual responsibility. The theory is that policies of mutuality will elicit commitment, which in turn will yield both better economic performance and greater human development. The concept of strategic HRM is based on the important part of the HRM philosophy that emphasizes the strategic nature of HRM and the need to integrate HR strategy with the business strategy.

**Definition of HRM:** HRM can be defined as a strategic and coherent approach to the management of an organization's most valued assets - the people working there who individually and collectively contribute to the achievement of its objectives. A distinction has been made by Storey (1989)\(^{17}\) between the 'hard' and 'soft' versions of HRM.

### 3.4 FUNCTIONS OF HR MANAGER:

HRD managers or department play a vital role in the organization they perform variety of functions such as:

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3.4.1 Role Analysis:

The HRD manager should design the wider roles rather than mere jobs based on the organization’s present and future needs. The HRD manager should also take into consideration the internal and external environmental factors. Role analysis helps to get realistic picture of the requirements of a job as well as the essential attributes needed to perform the role effectively. It involves follow steps:-

i) The manager describes his job consisting of the prescribed and discretionary elements other role incumbents and his immediate superior question him on the definition of his job and their confusions is cleared.

ii) The manager lists his expectations from each of those other roles in the group which he feels most directly affect his own work others in the group also. State their expectations and through discussion an agreement on their mutual expectations is reached.

iii) The manager then writes up his role consisting of all aspects of his work’

3.4.2 Human Resource Planning

In 1960 manpower planning was viewed as a system linking the organization with its environment. Quality of human resource in an organization is largely contingent upon its Human Resource Planning and talent sourcing practices. When HRP is absent the dominant consequence will be imbalanced manpower: Effective HRP is a process of analyzing organizations human resource needs. Under changing conditions and developing the activities necessary to satisfy these

18 Gupta C-B (1988) HRM, New Delhi, Sut p 356
needs. This HRP is the process of determining manpower needs and formulating plans to meet there needs. The objectives of HRP are:

a) Optimum use of existing human resources.
b) Forecast future requirements for human resource.
c) Linking HRP with organizational planning.
d) Recruit and retain the human resource of required quality and quantity.
e) Forecast the impact of technology.
f) Asserts the surplus or shortage of human resource.
g) Provide basis for management development program.

HRP is needed because it reduces the wastage of manpower; bridge up the employees gaps; rapid charge in technology, organization design and structure; Govt. policy, labour laws and demographic charges and introduction of computer, automatic machineries etc.

"HRP process is carried out as – analyzing organizational plans; Demand forecasting of overall. Human resource requirements through management judgment, work study technique and statistical techniques such as ratio, trend analysis and economic models. Supply forecasting of human resource through existing inventory such as head count, Job family inventory, age, skill; qualification, salary, sex etc. and through future losses and additions in entire organization such as permanent total, permanent partial, temporary total, temporary partials. Estimating the net human resource requirement; In case future surplus action plan for redeployment, redundancy/retrenchment.

- If surplus is estimated employee can be redeployed in other Jobs department.
• Redundancy / Retrenchment includes - Out placement, lay off, leave of absence, without pay and work sharing reduced work hours, voluntary retirement and attrition,

In case of future deficit forecast the future supply of human resource from all sources; action plan for recruitment, development and internal mobility; If future supply of human resource is inadequate, modify the organizational plan; Retention plan”

Human resource planning is done by the corporate bodies periodically. Different practices such as whenever required, yearly, half-yearly, quarterly human resource plans are seen. Also the HRP process is taken up under different circumstances in recent days. Important circumstances are retrenchment, resignation, retirement, transfers, market dynamics, competitive pressure, newly created benchmark, global recession, out sourcing pattern etc.

3.5 BEST HUMAN RESOURCE POLICIES IN THE SOFTWARE INDUSTRY:

1. Motivation and Retention of Employees

Retention and motivation of personnel are major HR concerns today. People a Gartner group company specializing in management of human capital in software organizations has observed that the average tenure for an software professional is less than three years. Further, the use of new technologies, the support of learning and training, and a challenging environment ranked higher than competitive pay structures as effective retention practices. Our own recent survey of 1028 software

professionals from 14 Indian software companies, showed that while the professional gave importance to personal and cultural job-fit, HR managers believed that the key to retention was salary and career satisfaction. Money was a prime motivator for 'starters', but for those into their third or fourth jobs, their value-addition to the organization was more important. Monetarily, offering 'the best salaries in industry' is the minimum every company is doing, apart from performance based bonuses, long-service awards, and stock options. Many organizations frequently conduct employee satisfaction and organization climate surveys, and are setting up Manpower Allocation Cells (MAC) to assign 'the right project to the right person'. In fact, some are even helping employees with their personal and domestic responsibilities to satisfy and motivate their workforce!

2. Best Talent Attraction

In a tight job market, many organizations often experience precipitous and simultaneous demands for the same kinds of professionals. In their quest for manpower, they are cajoling talent around the world. In such a seller's market, software companies are striving to understand which organizational, job, and reward factors contribute to attracting the best talent one having the right blend of technical and person-bound skills.

This would mean a knowledge of 'the tools of the trade' combined with conceptualization and communication skills, capacity for analytical and logical thinking, leadership and team building, creativity and innovation. The Indian software industry suffers from a shortage of experienced people such as systems analysts and project managers, and attracting them is a key HR challenge.
3. Compensation and Reward

Increasing demands of technology coupled with a short supply of professionals (with the requisite expertise) has increased the costs of delivering the technology. This makes incentive compensation a significant feature, with the result that software companies have moved from conventional pay-for-time methods to a combination of pay-for-knowledge and pay-for-performance plans. With the determinants of pay being profit, performance and value-addition, emphasis is now on profit sharing (employee stock option plans) or performance-based pay, keeping in view the long-term organizational objectives rather than short-term production-based bonuses. Skills, competencies, and commitment supersede loyalty, hard work and length of service. This pressurizes HR teams to devise optimized compensation packages, although compensation is not the motivator in this industry.

4. Increasing loyalty and commitment

As with any other professional, what really matters to software professionals is selecting 'the best place to work with', which is what every company is striving to be. The global nature of this industry and the 'project-environment' has added new cultural dimensions to these firms. In a value-driven culture, values are determined and shared throughout the organization. Typically, areas in which values are expressed are: performance, competence, competitiveness, innovation, teamwork, quality, customer service, and care and consideration for people. Flat structure, open and informal culture, authority based on expertise and ability rather than position, and flexi-timings are some of the norms software firms follow. The idea is to make the work place a 'fun place' with the hope of increasing loyalty and commitment.
5. **The Demand Supply Gap**

Shortage of software professionals is global in nature and not peculiar to the Indian software industry alone. W. Strigel, founder of Software Productivity Centre Inc. (1999) has projected the shortage of software professionals to be 1.5 million by 2015. In fact, a survey reports that 75 per cent of US companies planned to reengineer their applications using newer technologies, but found that 72 per cent of their existing staff lacked the skills needed in these technologies, and 14 per cent were not even retainable. For India, it is predicted that in the year 2004 itself, the software sector will need 1,95,000 professionals. This trend will continue, and in the year 2012 almost 4,25,000 IT professionals will be required. Consequently, recruitment managers are exploring new sources of IT manpower from non-IT professional sectors, as well fresh, trainable science graduates.

6. **Integrating HR Strategy with Business Strategy**

The strategic HR role focuses on aligning HR practices with business strategy. The HR professional is expected to be a strategic partner contributing to the success of business plans, which to a great extent depend on HR policies pertaining to recruitment, retention, motivation, and reward. The other major areas of concern for HR personnel in this context are, management of change, matching resources to future business requirements, organizational effectiveness, and employee development.

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7. **Encouraging Quality and Customer Focus**

Today’s corporate culture needs to actively support quality and customer orientation. With globalization and rapid technological change, quality is of utmost importance for the Indian companies, which earn most of their revenues through exports. Hence, the HR professional as a strategic partner needs to encourage a culture of superior quality to ensure customer satisfaction, the only real measure of quality of a product or service. To be competitive today, an organization needs to be customer responsive. Responsiveness includes innovation, quick decision-making, leading an industry in price or value, and effectively linking with suppliers and vendors to build a value chain for customers. Employee attitudes correlate highly with customer attitude. The shift to a customer focus redirects attention from the firm to the value chain in which it is embedded. HR practices within a firm should consequently be extended to suppliers and customers outside the firm.

8. **Value Addition training for up-gradation of Skills**

Rapid and unpredictable technological changes, and the increased emphasis on quality of services are compelling software businesses to recruit adaptable and competent employees. Software professionals themselves expect their employers provide them with all the training they may need in order to perform not only in their current projects, but also in related ones that they may subsequently hold within the organization. As observed by Watts Humphrey, Fellow of the Carnegie Mellon University, "as software professionals gain competence, they do not necessarily gain motivation. This is because a creative engineer or scientist who has learned how to accomplish something has little interest in doing it again. Once they have satisfied
their curiosity, they may abruptly lose interest and seek an immediate change". And when the rate of technological change is high may be higher than the time required acquiring competence in one area professionals could undergo psychological turbulence owing to the need to work in a new technology throughout their career. They want to gain new knowledge, which will be utilized by their organization.

On the basis of the new learning they want to work in higher segments of software value chain. Therefore, constant up Human Resource Challenges and Practices in software industry gradation of employee skills poses yet another challenge for HR personnel.

3.6 CHALLENGES IN HRD IN SOFTWARE INDUSTRY:

Human resource management is a challenge forever for any industry. Thinking of a permanent solution for these challenges is a myth. If there could have been such a solution which can resolve all problems and challenges of Human resources management other than 100% automation, then there would have been a full stop for the subject. But it is definitely not possible and challenges are bound to come spontaneously. Out of the bunch of such challenges we can list few of the main challenges to the software industry as

i. Recruitment planning
ii. Performance management
iii. Training and development
iv. Compensation management
v. HRM as whole

Here is an attempt made to take a brief account of these challenges.
1. **Recruitment Planning**

Recruitment planning is most important component in new people management with special reference to Software industry. We have to deal with human assets so it becomes important and have good quality of people in the organization. We have to take the recruitment planning in very serious manner to ensure that we can get best talent in the organization.

2. **Performance Management**

Now the challenges how to manage the performance of your employees. You have to get right person in a organization to manage your business. The challenge should be to create a performance culture where you can provide opportunities for enhance performance, where optimum performance becomes a way life.

3. **Training and Development**

This is another challenging area in Software industry. We have to chalk out a suitable strategy for training and development so that employees are well equipped to handle the challenges in advance.

4. **Compensation Management**

The IT industry is one of the high paying industries. This is very competitive industry, we have to attract best talent, offer best possible compensation package to the employees. Now Software companies are having ESOP with the compensation package.

But the really challenge should be how we are able to incorporate all the subsystems in HR. Ultimately this would help the organization for achieving exceptional performance. People have to be groomed to get in with the performance culture. We have to create an environment that stimulates the creation of knowledge; its sustenance will be the
challenge for Software companies in the future. HR department cannot function with traditional systems. Now the role will shift to HR facilitator, to facilitate change process. HR facilitator will have to involve the whole organization in this process and act as a guide, coach, counselor and facilitator. Any organization in the Software industry will have to face these challenges like Infosys, Satyam, Pent four, DSQ Software, Micro soft India and Intel India. These Software companies are leaders in their own stride. They have excellent recruitment policies, huge data bank, and placement agencies. They are also having rigorous tests to ensure that they can get high profile talent that will fit in their culture. They have best performance system that evaluates the organization as whole. They have been able to tackle the quantum of performance with fairly efficient manner. The prime tasks for these Software companies are to build corporate culture. They are diverting all the efforts to build performance driven culture.

The major issue for these companies to get right man for right job. We have to find person with the required skills, experiences, mindsets, and also he must be suitable for these organizations.

5. **Attrition and Retention**

Software companies are having high degree of attrition. The challenges for these companies are to keep this attrition rate as low as possible. Various companies adopt different techniques to retain their employees like high pay packets, ESOP, other benefits. So we have to keep this attrition rate as low as possible to retain super achievers.
3.7 COMMON POLICIES AND PRACTICES IN HUMAN RESOURCE DEVELOPMENT IN COMPUTER SOFTWARE INDUSTRIES:

The success of any business depends as much on appropriate effective, well communicated human resource and business practices as it's HR practices depends upon meeting the requirement of mandated laws and regulations. In fact good planning and the development of effective practices make regulatory compliance much easier. HR practices helps in increasing in productivity and quality and to gain the competitive advantage of a workforce strategically aligned with the organization goals and objective. Over the years, some of the traditional HR practices have been revisited and analyzed to evaluate their suitability in today's world. One such major practice is the concept of Human Resource accounting (HRA). Initially, one might hesitate to accept a concept which tries to put a monetary value to human beings. How does one attach a number to a person's capabilities?

However, HRA represents a way to gauge how strong and profitable an organization’s workforce is. Organizations have been claiming that their employees are their most valuable assets. The spate of downsizings and increasing job insecurity notwithstanding, the resurgence of interest in the area of HRA is perhaps testimony to this approach, where investments in human resources are now included as assets in a company's balance sheet, rather than expense heads in their profit and loss statements. The signals are clear — the employee is an asset who can be groomed to bring in future profitability — an asset which can define the company's image in the market today. HRA also involves accounting for investment in people and their replacement costs, as also the economic value of people in an organization. A trend
yet to catch up in the Indian industry, with a few exceptions such as BHEL, Infosys, SBI and reliance industries, it has been extensively embraced in the West.

PATNI a leading Global Software and BPO services provider, today announced that it has received the award for “Innovative Retention Strategies” at the World HRD Congress 2010. The prestigious global HRD event, which honors organizational transformation and development, saw a congregation of 189 companies from over 25 countries.

**Key performance indicators of HR**

Some of the key performance indicators for human resources include but are not limited to the following

- Employee's clarity on role, responsibility and expectation.
- Development of qualitative staff
- Lead time to respond to staff welfare issue.
- Track and measures performance.
- Employee's assessment of promotion criteria and process.
- Average time required to fill vacancies.
- Outline internal capability and identify gaps on skills competencies behavioral aspects.
- Develop KPI'S for each of the strategic objective.

**3.7.1 Creating a Better Work Environment**

Safe, Healthy happy workplace will ensure that your employees feel homely and stay with your organization for a very long time. Capture their pulse through employee surveys.
Open Book Management Style Sharing information about contracts, sales, new clients, management objectives, company policies, employee personal data etc. ensures that the employees are as enthusiastic about the business as the management. Through this open book process you can gradually create a culture of participative management and ignite the creative endeavor of your work force. It involves making people an interested party to your strategic decisions, thus aligning them to your business objectives. Be as open as you can. It helps in building trust and motivates employees. Employee self service portal, Manager on-line etc. are the tools available today to the management to practice this style.

3.7.2 Recruitment and Selection

Neha Sharma Saro in the article “In the line of hire” reported that, hiring gifted talent is the most crucial task whether one is building from Zero or adding to an already expanding organization. A mistake on the people side is more critical than any financial mistake. For the organisation to deriving long term value from the candidate they should be able to make their recruitment process extremely effective. An international bank, head quartered in Europe was investing significant amount, time and money in the recruitment and selection of its graduate intake.”

Once the required number and kind of human resource one determined the management has to find the places where required human resources will be available and also find the means of attracting them towards the organization before selecting suitable candidates for Jobs. All the process is generally know as recruitment. “Recruitment is

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the process of searching for prospective employees and stimulating them to apply for jobs in the org” 23. The objectives of recruitment are:

a) To attract people with multi dimensional skills.

b) To induct outsiders with a new perspective to lead the company

c) To search or headhunt whose skills fit the company’s values &

d) To search for globally talent.

Both internal and external factor affect recruitment. The external factors include demand and supply for human resource, employment opportunities and unemployment rate, labour market conditions, political, legal and government factors, Socio-economic factors and information system. The internal factors include - the company’s pay package, quality of work life, organizational culture, career planning and growth, company size, company products/ services, company’s growth rate, role of trade union etc.

H.R. manager can have two types of sources of recruitment- Internal sources and External sources. Internal source includes present employees; present temporary employees, present casual employees, retrenched or retired employees, campus recruitment, data banks search, Advertisement, Head hunting, e-mail sourcing, Social media networks (i.e. Face book, Linkedin and others), Succession planning, promotion, transfer, succession planning etc.

External sources include, public and private employment agencies, professional association similar organization trade union

casual applications, employment outsourcing etc. H.R. manager can use various techniques of recruitment to increase the pool of candidates. It is a media by which management contacts to prospective employees or provides necessary information’s or exchanges ideas or stimulates them to apply for Jobs. There are different types of techniques to stimulate internal and external candidates. Techniques useful to stimulate internal candidates are: promotions and transfer and for external candidates; present employees, scouting and advertising.

“Modern sources and techniques of recruitment are walk in, consult in, Head-Hunting/search consultants. Body shopping, Business alliances and Tele-recruitment. A large and fast growing proportion of employees use the internet as a recruiting tool. Online recruiting, website like monster.com actually represents just the tip of the iceberg for employees seeking good resumes. Few recruiting websites are -

www.careerbuilder.com,
www.careermosaic.com,
www.careershop.com;
www.joboptions.com;
www.jobs.com;
www.aib.dni.us (for American Job) etc24.

Selection

According to peter Carbonaro “You can’t build a great company without great people. Great people can be known by rigorous hiring technique. The more and the deep hiring techniques the greater people you will get. Hiring is not about finding people with the right

experience. It is about finding people with the right mindset. Companies hire for attitude and train for skill, get top success.

Selection is the process of choosing the most suitable persons out of all the applicants. It is the process of matching the qualification of applicants with the Job requirements. It is also a process of weeding out unsuitable candidate and finally identifies the most suitable candidate. There is no standard selection process that can be followed by all. Companies follow different policies. Companies follow different selection techniques or methods depending upon the size, nature and kind of the company, number of persons to be employed, government regulations etc. Following are the selection method generally followed by the companies. Steps in scientific selection process.

1) Job analysis
2) 2) Recruitment
3) 3) Application Blank
4) Written Examination
5) Preliminary interview
6) Group discussion
7) Tests: aptitude tests, etc
8) Final interview
9) Medical Examination
10) Reference check
11) Final decision by the management

Recent Trends in Selection

- Selection by invitation: In this case the management observes the performance of key executive of competitor’s organization
and invites such executive to join the organization by offering attractive salary and benefits.

- **Leasing**: In this case the consultancy organization provide a highly skilled professional persons to the extent of the needs of organization on lease by charging fees and this consultancy organization drawing surplus by paying high pay and benefit to high skilled employees.

- **360 degree selection Program**: Management involves the subordinates and co-workers in administering the employment tests and interview of employee.

Day by day use of computer in testing and selecting the candidate is increasing. Computer testing today is increasingly replacing conventional paper – pencil and manual tests. Online presentation, teleconferencing, telephone interviews, online reference checking are very popular in software industries. Large companies developed a computerized testing procedure for selection. Many firms take applications online or off line, computerized tests –some time by phone using the touch-tone keypad – to quickly pre-screen applicants, prior to more in depth interview and back ground checks”. “It is expensive to conduct face to face interview, hence organization conducting online interview with PC-based Video Cameras via online web casts. At the time of interview candidate will link to company via web video.” “Jobs.com conducts such frequent live interactive online career fairs”.

Reference checking is a regular practice. Now days there are large number of firms who provide this service. Many companies are outsourcing the process of reference checking. Some companies do it

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themselves contacting the referees online. Further while recruiting the candidates the some companies prefer local candidates; some companies do not consider domicile state. So both practices are seen. In recent days while recruiting the candidates many companies are flexible with regard to the Age, Qualifications, Compensation, Resignation, Working hours and Service bond, Experience, Nationality and Gender etc.

3.7.3 Induction and Orientation

When a new employee joins an organization, he is completely a stranger to the people, workplace and the work environment. Therefore he is likely to feel insecure, shy and nervous. In the absence of information and support these are likely to be anxiety and fear in his mind. He may undergo reality shock caused by a gap between his expectations and the real situation. Induction or orientation can help overcome these problems. “Induction is the process of receiving and welcoming an employee when he first joins a co and giving him the basic information he needs to settle down quickly and happily and start work.” The objectives of inductions are make new entrant feel at home, help the new comer build up to the new employees confidence develop sense of belonging and loyalty to the organization. Foster a close and cordial relationship with others and give basic necessary information about the organization to the employee. Induction help to build up a two way channel of communication, facilities informal relation, teamwork, integrate the new employee and develop sense of belonging and also helps to reduce employee grievance, absenteeism and labour turnover. Lectures, handbooks, film, group seminar are used to impart the information to new employee about the environment of

the Job and the organization. The information about the company includes history, product, services, growth, organization of management, market, customers, basic conditions of employment-hours of work, shift, holidays, pay, allowances, deductions, retirement benefits, leave rules, work rules, disciplinary rules and procedures, career path, promotion channels, negotiation machinery, training and development, health, safety, canteen, social welfare measures etc. Information’s about department, senior managers, introduces new employee about department and Job. The respective supervisor/team leader introduce the employee to all the employees, describes in detail the job, material, machine, equipment, production process, his position in the department, work assignment, working hours, shift and quality to be maintained. Lastly the employee is introduced about supervisor/Team leader and subordinates with whom he is required to work. Sometimes the hr department carries out the induction programme. In recent days the services of consulting agencies are also taken to conduct induction function.

3.7.4 Placement

Placement is the process of assigning a specific Job to each one of the selected candidates. It involves assigning a specific rank and responsibility to an individual, matching the requirements of Job with the qualifications of a candidate.” Placement is the determination of the Job to which a accepted candidate is to be assigned and his assignment to the Job”; It is a matching of what supervisor has reason to think that/what he can do with the Job demands; it is a matching of what he imposes in strain, working companionship with others, promotional possibilities etc.”. Proper placement helps to improve employee moral,

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reduce employee turnover, absenteeism and accident rates. If the candidates has problems in adjusting himself to the Job he continues to perform below expectations, he may be misplaced. Supervisor should review all such cases to find out misplacement. Alternatively they may be given further training to make them fit for the Job. The process of placement includes the following steps:-

1) Collect details about the employee  
2) Construct the employee’s profile  
3) Match between sub-group profile and individuals profile  
4) Compare sub-group profile to Job family profile.  
5) Match between Job family profile and sub group profile  
6) Assign the individuals to Job family  
7) Assign the individual to specific Job after further counseling and assessment.28

3.7.5 Performance Appraisal

It assesses the performance and progress of an employee and potential for future development. “Performance appraisal is the systematic, periodic and an impartial rating of an employee’s excellence in matter pertaining to his present Job and his potential for a better Job”29. It is the process of obtaining analyzing and recording information about the relative worth of an employee. The objectives of performance appraisal is to diagnose strength and weaknass of employee, identity training needs ; provide coaching counseling, career planning and motivation to subordinates and develop positive superior - subordinate relations, thereby reducing grievances. The content of

28 Cascio Wayne F and Award Elios M » HRM P.265.  
performance appraisal varies from organization to organization and should be decided before the program is approved. Generally content to be appraised is determined on the basis of Job analysis and it may be in the form of contribution to organizational objectives like production, reducing costs returning on capitol Job behaviour and personality traits. The performance of employee is carried out by a set pattern and consists of services of steps as establishing performance standard communicating standards to the employees; measuring actual performance; comparing the actual with standards; discussing the appraisal result to employees and taking corrective action.

The persons involved in the appraisal process are appraise, and appraiser. Sometimes the Reviewer may be there in case of appraising key employees at top level. The performance appraisal is carried out generally by internal appraisers. Sometimes External experts like management consultants are also assigned with the job of performance appraisal. In some cases particularly for appraising senior cadre employees both internal as well as external appraisers are involved.

The result of performance appraisal depends upon the effectiveness of the system. Hence good system should be easy to understand and administer; involving employees in goal setting process provide feedback; built with incentives; establish with support of all employees; periodically revised and updated. Well designed performance appraisal system gives benefits to employee, management and organization. To employee it gives benefits as –better understanding of his role; Clear understanding of strengths and weaknesses; increase motivation, Job satisfaction and self-esteem and opportunity to discuss work problem. To management it gives benefits as – identification of performers and non-performers; opportunity to
prepare employees for assuming higher responsibility, opportunity to improve communication between management and employees; identification of training and development needs, better identification of potential and formulation of career plans. To organization it gives benefits as – improved performance throughout the organization, creation of culture of continuous improvement and conveyance of message that people are valued.

Several traditional and modern methods are used for evaluating employee performance. In tradition methods it includes confidential reports, straight ranking, paired comparison method, forced distribution, graphic rating scale, check list method, critical incident method, group appraisal and field review method. In modern methods it includes Assessment center, Human resource Accounting, Behaviorally Anchored Rating scales (BARS), Management by objective (MBO), Psychological appraisal and 3600 performance appraisal. In case of managerial personnel it is difficult to appraise their performance as that of technical or operative employees. Hence, managerial appraisal should measure both performance in accomplishing goals and performance as a manager. Performance appraisal is the basis for the important human resource decisions such as Promotion Demotion, Rewards, Termination, Transfers, Learning & Development initiative, Compensation etc.

**Potential Appraisal**

Appraising Potential is different from assessing performance. Potential refers to the abilities present but not currently utilized. It is the latent capacity to discharge higher responsibilities in future roles. The major objectives of potential appraisal are to assess an individual in terms of the highest level of work and to assist the organization in
discharging its responsibility of selecting and developing managers for the future.

Potential of an employee can be identified through different ways- ability to foresight on opportunities; assess impact of decision or initiative taken today; ability to identity resource gaps- by the use of basic intelligence, subject knowledge, analytical and quantitative skill and further find ways and means of overcoming obstacles, ability to see the larger picture as well as recognize the need to get into micro details; and to display high degree of personal and intellectual integrity at all times. Thus the potential attributes that determine the potential of an employee are: analytical power, sense of reality, creative imagination, capacity of taking holistic view from a detached position, effective leadership; conceptual skills; technical skills; communication skills; planning and organizing ability; willingness to take additional responsibility; imitative, result oriented; team work and team building; subordinate development; negotiation skills, problem solving and decision making skills.

Now a day’s use of computer and web based performance appraisal system is becoming more popular. Several relatively inexpensive performance appraisal software programs are on the market. These generally enable the managers to keep notes on subordinates during the year and then to electronically rate employees on a series of performance traits. The programme then generates written text to support each part of the appraisal. “Performance review.com lets managers evaluate employees online based on their competencies and development plans. Performance pro.net, from the Exceed Company of “Chicago Illions” is another internet based performance review system. The website improvenow.com lets
employees fill out 60 questions assessment online with or without their supervisors’ approval and then gives the supervisor feedback to overall score. Electronic Performance Monitoring (EPM) is in some respect the ultimate in computerized appraising. It is estimated that as many as 26 million U.S. workers have their performance monitored electronically”

Feedback System  (360 Degree Performance Management)

This system which solicits feedback from seniors (including the boss), peers and subordinates, has been increasingly embraced as the best of all available methods for collecting performance feedback. Gone are the days of working hard to impress only one person, now the opinions of all matter, especially if you are in a leadership role (at any level). Every person in the team is responsible for giving relevant, positive and constructive feedback. Such systems also help in identifying leaders for higher level positions in the organization. Senior managers could use this feedback for self development.

Fair Evaluation System for Employees

Develop an evaluation system that clearly links individual performance to corporate business goals and priorities. Each employee should have well defined reporting relationships. Self rating as a part of evaluation process empowers employees.

Evaluation becomes fairer if it is based on the records of periodic counseling and achievements of the employee tracked over the year. For higher objectivity, besides the immediate boss, each employee should be screened by the next higher level (often called a Reviewer).

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Cross-functional feedback, if obtained by the immediate boss from another manager (for whom this employee's work is also important), will add to the fairness of the system. Relative ratings of all subordinates reporting to the same manager are another tool for fairness of evaluation. Normalization of evaluation is yet another dimension of improving fairness.

3.5.6 Career Planning and Development

It is the systematic process by which one selects career goals and the path to attain their goal. It refers to the formal programme that organizations implement to increase effectiveness and efficiency of human resource. It essentially means helping the employees to plan their career in terms of their capacities within the context of organizational needs. It is described as “Devising on organizational system of career movement and growth opportunities from the point of entry of an individual in employment to the point of his retirement”. It is a management technique for mapping out the entire career of young employees in higher skilled supervisory and managerial positions. Career planning and development aims at – to attract and retain the right type of persons in the organization, to map out careers of employees suitable to their ability; ensure better use of human resource to have a more stable work force by reducing labour turnover and absenteeism; to improve employees moral and motivation by matching skills to Job requirement to provide guidance and encourage employee to fulfill their potentials. In order to ensure successful career planning management must provide strong commitment to it. Organization should develop, expand and diversify its activities at a phased manner. It should frame clear corporate goals organization should have self motivated, committed and hard working employees. It should take care
of the proper age-composition in manpower planning, steps to
minimize career stress and have a fair promotion policy. Human
Resource Department carries out career planning and development
activities. The career planning and development process generally
involves the following steps:-

1) Identifying individual need and aspirations
2) Analyzing career opportunities available within the organisation.
3) Identifying match and mismatch between individual and
   organizational career system.
4) and implementing career strategies.
5) Reviewing career strategies.

The process of career planning and development consists of the
Dissemination of career options and information’s, Assessment centers,
Career counseling, Career development workshops, Continuing
education and training, Periodic job change and Temporary assignment.

**Career Development**: It is essential for implementing career plans. It
consists of activities undertaken by the individual employees and the
organization to meet career aspirations and Job requirements. The
effective career development programme of the organization consist of:
- career need assessment of the employees, visualizing career
opportunities get available for the employees; proper and exact
alignment of employees need with the available organizations
opportunities and monitoring career moves or results. These
programmes help to employee for providing knowledge of various
career opportunities available in the organization and select the career,
which is suitable to his life ‘Style. It motivates employees, boost up their
moral, increase job satisfaction and commitment and lowers the labour
turnover. The efficient career planning and development programme helps the organization in ensuring the availability of competent and skilled human resource; attract highly skilled and talented employees and identity internal employees who can be promoted. Career planning plays an important role in career planning and development. Career planning may require advising and guiding employees in their possible career paths and direction in which they ought to be heading. Such advising and guiding is called career counseling. It provides help and guidelines to employee for achieving greater personal satisfaction. The web and software based career planning programme use many people to get help, analyze and evaluate their career. People can use the web to take a career interests inventory from their homes. Well known web based career assessment tools includes self-directed-search.com; review.com / birkman; keirsey.com, careerdiscovery.com etc. Now a day’s many companies created their own internal career development website. Software programmes are available for improving the organizational career-planning process, which helps employees crystallize their career goals and achieve them within the company.

Employee of the organization can be developed according to their career goals though career planning. Effective utilization of employee can be achieved by mobilizing them internally or externally. In internal mobility, employee is shifted on different Jobs according to his career goals and organization need to cope up with change in Job structure, design, technology, mechanization etc. It improves organization’s effectiveness, employees’ efficiency, ensure discipline and adopt

organizational changes. The mobility tools, promotion, transfer and demotion can help to achieve it which are discussed in detail below.

3.7.7 Promotion, Transfer, Demotion

Promotion is the advancement of an employee to a better Job – better in terms of greater responsibility, more prestige or status, greater skill and especially increased rate of pay or salary”32. It is the upwords reassignment of a higher level Job. The paper objectives of promotion are: recognizing employee’s performance and commitment, boost up moral, retain skilled and talented employee, and utilize employees more effectively. Promotion can be made on the basis of seniority, merit or combination of both. Seniority implies related length of service in the same organization. Seniority is easy to measure, simple to understand and no scope for favoritism. But oldest is not always ablest and fails to attract young and hard working employees. Merit denotes skill, knowledge, ability efficiency and aptitude. It can be measured from education, training and past employment record. Performance appraisal gives a correct picture of one’s merit. It motivates competent employee to work hard and retain in the organization. But it is difficult to judge merit and hence disturb the industrial relation. In seniority-cum-merit, as it is a combination of both, proper balance can be achieved as-minimum length of service and merit may be prescribed. Measurement of seniority and merit by assessing relative weightage i.e. 40% seniority and 60% merit and finally the acceptable minimum score of merit is determined. By seniority employees are selected among qualified candidates. Promotion policy must be clearly specified and made know to all employees.

Transfer

“Transfer referred to as a latent shift causing movement of individuals from one position to another usually without involving any marked change in duties, responsibilities, skills needed or compensation”33. It is change in assignment in which employee move from one Job to another in the same level. The company or the employee may initiate it. Performance appraisal result may be the basis for transfer. It is an important administrative tool. It is needed because to meet the organizational needs, as well as employee’s need utilize employee’s skill, make employee more versatile, minimize fraud or bribe etc. It may be classified as production transfer, replacement transfer, versatility transfer, remedial transfer and shift transfer. Employee, company or public may initiate transfer. Organization should clearly specify their transfer policy otherwise supervisors may transfer their subordinates arbitrarily if they do not like them. It causes frustration among the employees.

Demotion

Demotion implies the assignment of an employee to a Job of lower rank with lower pay. It refers to downward movement of an employee in the organizational hierarchy with lower status and lower salary. Need for demotion arises due to adverse business conditions, technological changes, unsuitability of employees to higher level Jobs, disciplinary measures etc. The company must clearly State the policy relating to demotion. Many times it is used as an administrative tool.

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3.7.8 Training and Development

Training and development employees are one of common HR practice in all organization. Training is the act of increasing the knowledge and skill of an employee for doing a particular job. It is an organized procedure by which people learn knowledge and skill for a definite purpose. It bridges the gap between job and requirement and present competency of an employee. Training may be defined as a planned programme designed to improve performance and to bring about measurable changes in knowledge, skills, attitude and social behaviour of employee for doing a particular job. The H.R.D manager should design such a training programme that exclusively contributes to company goals and objectives. It should prepare employee to meet the changing requirements of the jobs, prevent obsolescence; impart basic knowledge and skills, develop potentialities of people and promote co-operation, good relationship and collective moral. In a changed economic set up with fierce competition role of training cannot be ignored. It is essential – to accept technological changes; increase organizational viability by adopting changing environment; cope up with change in Job assignment; match employee specification with Job requirements and increase mobility of employee in the organization training is boon for the employees and organization. It improves employee productivity, moral and growth. It reduces level of supervision, accidents and wastages of material. It develops better quality of work life and organization climate. A systematic training approach stimulate the HRD manager to identity training needs,' setting training objectives, designing training programmes, conducting training and follow up. Generally every company will have formal

Training and Development practices and assesses the training and development needs regularly. The training and development needs are identified through different methods such as recommendations of the superior, performance appraisal or interaction with the individual employee. There are two class of methods used to impart training to employees. In on the Job method, training is given to employee by Job rotation, coaching, Job instruction and committee assignment. In off the Job method, training is given through lecture, seminar, case study, role playing, brainstorming, T-group, group discussion, Intranet learning bank (CD Rom, electronic Performance Support System) Knowledge Management, Counseling, nomination to the external training programmes and vestibule training. Training and development programs include team building activities, participative management, feedback system, time management, communication skills and soft skill development etc.

Evaluation of training is essential to ensure the validity of the training programme,. It helps to determine strength, weakness, cost benefit ratio, validity of content, accomplishing objective and participant benefits. Thus “Evaluation is any attempt to obtain information on the effects of training performance and to assess the value of training in the light of that information”\(^35\). Hamblin suggested five levels at which evaluation of training can take place viz. reactions, learning, Job behavior, organization and ultimate value.

Day by day concept of electronic training is moving fast computerized and internet based tools have revolutionized the training process. The trainee uses Computer-based or CD -Rom system to increase knowledge. Electronic performance support system (EPSC) are

today’s Job aids. Distance and internet based training which has created hallmark in e-training, includes: tele training, video conferencing, training via internet and learning portal.

Management Development Programmes (MDP)

It is a systematic process of growth and development by which the managers develop their abilities to manage. It is concerned with improving the performance of the managers by giving them opportunities for growth and development. The main intention of this programs is to develop the executives, improve the performance of manager, increase the moral, broader the outlook, keep abreast with the changes, improve human relation skill and increase versatility of management group. An effective MDP helps to cope up with rapid technological and social changes. The process of MDP consists of – assessing the company’s strategic needs, appraisal of present management talents, prepare inventory of executive manpower, planning individual development programme, establishing training and development programme and evaluating programme. The methods and techniques of executive development programme are classified into two categories – on-the-Job and off-the-Job techniques. In on-the-job techniques training is given through coaching, understudy position, job rotation, project assignment, committee, multiple management and selected readings, group discussion, conferences, role-pling, seminars, programmed instruction and sensitivity training.

Computerized MDP involves management games with computerized or CD-Rom system which helps team managers to learn best by getting involved, developing problem solving skill, leadership skill and foster cooperation and team work. Many organizations and Universities foster web based and traditional management
development seminars and conferences. Video linked classroom are used to take course.

3.7.9 Workers Participation in Management

WPM is crucial for better results in organization. It helps in developing technology to resolve conflict and to achieve constructive co-operation among the partners of operation. It is the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share in the responsibilities of achieving them\textsuperscript{36}. It promotes better reaction between management and employees. It stimulates the employees to involve and work dedicatedly. It minimizes friction and promotes co-operation among the group members. It satisfies employee ego as they involved in goal setting and problem solving process in organization. The major objectives of it is to promote increased productivity for the benefit of the organization, employees and society at large, provide better understanding to employees about their role, satisfy the employees social and esteem needs, strengthen employees - management co-operation and build most dynamic human resource. For the successful working of WPM, management should follow the essential conditions. The attitude of both the parties should be impartial, have genuine faith to work together. The WPM concept must be widely published in the organization. The objective to be achieved should be clear to all and practicable. There should be peaceful atmosphere and multiplicity of union be avoided. Management should prepare to give all information connected to work and training program should be developed comprehensively. Effective two – way communication is must for the

\textsuperscript{36} Davis Keith (1975) Human Relation at work “ Tata McGrow Hill …. P 288.
success of the program. The forms of worker participation in mgt vary from industry to industry. The general forms are works committee, Joint councils. Board room representation, Joint management councils, shop councils and unit councils. In many companies workers participation in management consists of employees participation in Human Resource decision making process as well as Management decision making process.

3.7.10 Compensation

Job Evaluation: It is essential to maintain proper differentials between compensation for various Jobs. Pay differentials need to be related with differentials in the value of different Job. It is a process of determining the relative worth of the various Jobs within the organization. So that differential wages may be paid to jobs of different worth. The objectives of Job evaluation are gather data and information relating to Job, compare duties, responsibilities and demands of a Job with other Jobs, determine the hierarchy and place of various Jobs in an organization; determine the ranks or grades of various Job; ensure fair and equitable wages on the basis of relative worth and minimize wage discrimination. Process of job evaluation consists of: gaining acceptance and support of top management, employee, and trade union; constituting Job evaluation committee; selecting job to be evaluated; describing the job to indicate the duties and responsibilities; selecting the method of evaluation; weighting job faction; assigning money value and periodic review. Job evaluation helps to improve industrial relations, simplifies wage administration, develops consistent wage

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structure, removes wage inequities and provides clear basis for wage negotiations. It can be carried out by quantitative and non-quantitative methods. Computer aided Job evaluation can streamline the job evaluation process. It can simplify job analysis, help keep job descriptions up to date, increase evaluation objectivity, reduce the time spent in committee meetings and ease the burden of system maintenance. It includes electronic data entry, computerized checking of compensable factor, questionnaire responses, and automated output of job evaluation and of a variety of compensation reports.

**Wage and Salary Administration:** Employee’s compensation is a vital part of human resource management. It helps the organization to obtain, maintain and retain productive workforce. It is one of the mainsprings of motivation in our society. It provides employee a sense of recognition and determines their social status. It may be classified into two categories – base or primary compensation and supplementary compensation. Also it is termed as fixed salary and variable salary. Administration of employee compensation is called compensation management or wage and salary administration. It involves formulation and implementation of policies and programs relating to wages salaries and other forms of employee compensation. Wage determination process includes – Job analysis, Job evaluation’ compensation survey, development of wage structure; rules for administration of wages and employee appraisal. Objectives of wage and salary administration systems are – establish a fair and equitable remuneration, attract competent personnel, retain the present employees, improve union management relations, improve public image of the company and secure internal and external equity.
Now-a-days the policy of undertaking compensation survey and relating the company’s compensation structure to that of the competitor is a common practice. In some cases performance appraisal will be the basis for placing the employee in particular scale of pay. In some other cases both compensation survey as well as performance appraisal will be the basis for determining the compensation.

The sound wage and salary structure should be built in incentives; link with productivity, maintains real wages, increments, internal equity and external competitiveness. The principles of wages and salary administration systems are: - differentiation in pay should be based on difference in job requirements; it should be in line with those prevailing in the job market, follow the principle of equal pay for equal work and recognize individual difference in abilities and contributions. The system should be flexible enough and should paid due wages to employees correctly and promptly. Employees of organization can be paid on the system or combination of these systems. Pay structure in India consists of basic pay, dearness allowance, bonus, other allowances, incentive and fringe benefits.

**Performance linked Bonuses:** Paying out bonuses or having any kind of variable compensation plan can be both an incentive and disillusionment, based on how it is administered and communicated. Bonus must be designed in such a way that people understand that there is no payout unless the company hits a certain level of profitability.

Additional criteria could be the team's success and the individual's performance. Never pay out bonus without measuring performance, unless it is a statutory obligation.
Employees demand the payment of bonus with a view to bridge the gap between money wages and real wages, actual wages and need based wages. Government accepted the recommendations of bonus commission and enacted the payment of Bonus Act 1965. Government amended the act again in 1977 and made the important provision that the industrial undertaking to pay the minimum bonus of 8.33% irrespective of profit or loss from the year 1976.

Incentives: It implies monetary inducement offered to employees to perform beyond acceptance Standards. It is related directly or indirectly to productivity and profitability of the enterprise. It includes all the plans that provide extra pay for extra performance in addition to regular wages for the job. It provides an opportunity for hard work, teamwork, mutual co-operation, improves productivity, discipline, industrial relation and creates innovative employees.

3.7.11 Employee Benefits

It refers to various extra benefits provided to employees in addition to the compensation paid in the form of wages and salary. “It is those benefits which are provided by an employee to or for the benefit of an employee and which are not in the form of wages, salaries and time related payments”\(^ {38}\). Different terms are used to denote it such as fringe benefits, welfare measures, social charges, social security measures, supplements, sub-wage and employee benefits. Employee benefits are given to the employee during and after employment period “It is any wage cost not directly connected with the employee’s

productive effort performance, service or sacrifice. It is a comprehensive term including various services, facilities and amenities provided for betterment. The main intention behind it is to create and improve sound industrial relation, boost up employee moral, motivate the employee, providing security against social risks, providing health and safety and to promote employees welfare. It has great significance for employees, employer and society. It helps to counteract the negative effect of the factory system. It enables the employee and his family to lead a good life. Employer gets improved moral and loyalty of workers. It increases productivity reduces absenteeism and improves industrial relation. Employees’ welfare is of statutory and also non-statutory. Statutory welfare Services includes-

- Payment for time not worked i.e. Hours of work, paid holidays, shift premium, holiday pay, paid vacations etc.
- Employee security i.e. Retrenchment compensation, lay off compensation etc.
- Health and safety i.e. – health, safety and welfare measures, employment of women and young persons, workmen’s compensation, ESI scheme, sickness benefits, maternity benefits, disablement benefits, medical benefits etc.
- Old age and retirement benefits i.e. provident fund, Pension gratuity, deposit linked insurance etc.

The employer voluntarily provides non-statutory welfare services to employees. There may also be provided due to customs or traditions

in the particular industry or region. Non-statutory welfare services include consumer societies, credit societies, housing legal aid, employee counseling, welfare organizations, leave encashment, Holiday homes, educational facilities, transportation benefit picnics etc.

- **Computer and benefits Administration**

  Computer plays an important role in benefit administration. A PC-based system lets employees interactively update and manipulate their benefit packages, as do various websites like [www.Lolk.com](http://www.Lolk.com). Internet systems enable employees to get medical information about hospitals and doctors and to do interactive financial planning and investment modeling. Firms also use computerized systems to inform employees about their benefits and to answer routine questions that might otherwise go unasked or take up Human Resource Manager’s time. Administration of the benefits for even a small company can be possible by using software like HR office and expedite the work by removing paperwork. HR “Office” includes over 100 built-in reports on matters ranging from attendance and benefits to performance reviews and bonuses”.

3.7.12 **Quality of Work Life**

Quality of work life denotes all the Organizational inputs, which aim at the employee’s satisfaction and enhancing organizational effectiveness. In late 1950, the term QWL was used to stress the prevailing poor quality of work life. The term QWL was appeared in research journal and press in USA only in 1970. It was first defined in terms of people’s reaction to work, particularly an individual’s job.

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satisfaction and mental health. Employees at grass-root level experience a sense of frustration because of low level of wage, poor working condition, unfavorable terms of employment in human treatment by their superior, poor Job design, feeling of powerlessness, loneliness, boredom, lack of ego, involvement and lack of Job attachment. The workers are not happy with their Job due to tight schedule of work, speed of machine, close watch and supervision, less social interaction etc. These things lead to create dissatisfaction between the employees and cannot get qualitative work from them. Thus the concept of QWL “evolved “It refers to the favorable or unfavourableness of a job environment for people”\textsuperscript{41}. “QWL means different things to different people”\textsuperscript{42}. “The degree to which members of a work organization are able to satisfy important personnel needs through their experience in the organization”\textsuperscript{43}. Harvard professor Richard E. Waltan explained QWL in eight broad condition of employment. There are – adequate and fair compensation, safe and healthy working conditions, immediate opportunity to use and develop human capacities, future opportunity for continuous growth and security, social integration in work environment, constructionalism or the rule of law in the work, organization work and the total life space and the social relevance of work life”\textsuperscript{44}. Klott Mundick and Schuster suggested eleven major QWL issues to maintain order. These are – provide stability of employment and good pay to employees, organizational health programme, alternative work schedule, minimize occupation stress, workers

\textsuperscript{41} Keith Davis (1985) Human Behavior at work” New Delhi Tata Mcgrow Hill P 273.
\textsuperscript{42} Keith Davis (1985) Human Behavior at work” New Delhi Tata -P 273.
\textsuperscript{43} Gary Des P.M. P.490.
participation, employee recognition, harmonious industrial relation, effective grievance procedure, seniority and merit criteria for promotion, employment on permanent basis and resources should match with stated objectives. QWL increases productivity, improves performance, develops problem solving ability, creates enthusiasm and develops team spirit. QWL with fringe benefits, minimizes absenteeism, labour turnover and alienation. Hence, management should adopt strategies that improve QWL in the organization which includes formulation of self managed work teams of employees, redesigning the narrow jobs, effective leadership, career development, alternative work schedule, job security, administrative justice, participative style of management etc.

3.7.13 Quality Circle

“It is a small group of employees doing similar work meeting voluntarily, regularly for about an hour every week to identity analyze and resolve work related problems to improve quality of production and service, total organization performance and enrich quality of work life”. The main objectives of the quality circles are to develop and utilize human resource effectively, improve quality of product and productivity, satisfy employee’s psychological need, improve various skills and utilize individual’s skills through participation. The Q.C. structure consists of non-members, members, leader /deputy leader, facilitator, steering committee, top management and co-ordinating agency. The size of Q.C members varies between 6 and 12 to enable fruitful discussion. Initially Q.C members acquaint themselves with the objectives and role of Q.C. and then proper instructions are given

regarding problem solving techniques. Q.C uses certain techniques to resolve problems. They are – brain storming, frequency distribution, data collection, scatter diagram, pareto analysis, case and effect diagram and histogram on line graphs. The Q.C process consists of different stages such as – identification of problems, selection of problem, analysis of the problem, management presentation, management decision implementation and post implementation management presentation. Q.C. helps to improve Job satisfaction, satisfaction of self-esteem, self-development and psychological needs of employee. It improves job performance, two way communication, participative management culture, teamwork, managerial effectiveness and problem solving, ethics in the organization. The best and second best performance award should be given on Q.C annual day celebration. On the same day slogan, cartoon, essay, poster competition may be organized. Hence Q.C should be widely published on notice board, posters in each section, Q.C magazines etc. Now days, E-mail can be effectively used. Picnic groups may be organized. Q.C batches with inscription of Q.C logo; training material note book, pens, pencils, tiepins etc. may be distributed.

3.7.14 Employee Counseling

Counseling is a two way process in which a counselor provides advice and assistance to his subordinates. It is a process of guiding a subordinate to adjust better with his work environment and better understand others. So that his dealings with them can be effective and purposeful. Counseling is an exchange of ideas and feelings between two people. It improves organizational performance. It involves both job and personal problems. It is visually confidential in order to have free discussion. Counseling needed due to stress, inter-personal
problems and conflict, inability to meet job demands, overwork load, confrontation with authority, emotion, responsibility and accountability family problems, health problems, career problems, performance problem etc. The functions of consoling are to: offer advice, provide reassurance, improved communication, release emotional tension, reorientation to psychic change and allow thinking freely. Different types of Counseling are used to provide information to employees such as directive Counseling, non-directive Counseling and participative Counseling. For effective Counseling there should be continuous dialogue, mutual trust, mutual efforts between counselor and counselee, individual desire to improve and there should have right focus on work related to goals and behavior.

3.7.15 Team Management

“Coming together is beginning; working together is progress and remaining together is success” Christopher Meyer, M.D. strategic Alignment Group, California quoted that “trying to run a team without good, simple guidance system is like trying to drive a car without a dashboard. In the knowledge based society task have become more inter dependent than ever. Team working is the right strategy to execute there interdependent task” Paul Brauchle and David Wright have studied this model and followed in G.E for building teams and to overcome the problems. These steps include establishment of credibility, allow ventilation, provide an orientation, invest in the process, set group goals, facilitate the group process, establish intra group procedure, change the role of trainers and end the trainer involvement. All team-building efforts face formidable challenges. Harvey Robbins and Michael Finley developed a list of typical problems as mismatched needs, confused goals, unresolved roles of
members, bad decisions making by team, anti-team culture of organization, lack of team trust, bad policies, personality conflicts, unwillingness to change etc faced by team. Johan katzenbach and Douglas Smith suggested seven best practices of virtual team as - convene a face to face meeting of group members, make conscious choice about team discipline, match members skills to collective work, often hold face to face sessions as needed, consciously shift and share leadership roles to member, pick and practice groupware feature together and agree on your own netiquette”46.

3.7.16 Rewards

Organizations reward their employees who contributed to the achievement of organizational goals one of the most important factors in human resource development is compensation management. Wage or salary is significant to most of the employee, as it constitutes a major share of their incomes. Hence formulation and administration of sound remuneration policy to attract and retain right personnel in right positions is the primary responsibility of the organization. An organization has to balance fairly financial and non-financial Rewards. Employee gets pay satisfaction if the perceived salary is equal to actual salary received. Development and administration of sound wage and salary policies are complex managerial function and it influences the survival and growth of an organization to the greatest extent. Basically reward is divided into two groups as intrinsic Rewards and extrinsic Rewards.

**Highlight performers:** Create profiles of top performers and make these visible though company intranet, display boards etc. It will

encourage others to put in their best, thereby creating a competitive environment within the company. If a systems approach is followed to shortlist high performers, you can surely avoid disgruntlements.

Intrinsic reward includes pride in work, feeling of job accomplishment being a member of a team, Job enrichment, Job freedom, autonomy, more responsibility, participation in decision making, opportunities for personnel growth etc.

Extrinsic Rewards are external to the job and usually given by management. It is further divided into monetary and non-monetary Rewards monetary Rewards includes – wages and salary, allowances, incentives bonus profit sharing and the like. In performance based pay system reward is given in the form of commission, incentive pay, merit pay, performance bonus etc. In membership based pay system reward is given in the form of basic pay, allowances, protection programs, pay for time not worked etc. to all employees. Non-monetary Rewards effectively motivate the employees and contribute to a maximum extent. It includes knick-knacks, awards, social acknowledgement, office environment, tokens and on the Job Rewards, picnics, gift coupons, employee stock option plan (ESOP) etc.

**Reward Ceremonies:** Merely recognizing talent does not work, you need to couple it with ceremonies where recognition broadcast. Looking at the Dollar Check is often less significant than listening to the thunderous applause by colleagues in a public forum.

**3.7.17 Grievance Redressal**

Efficient grievance management is an important and integral part of the HRD. If individual’s grievances are unattended and unresolved, they will become collective disputes. A grievance is a sign of
employee’s discontent with the Job and its nature. Grievance is any dissatisfaction or feeling of injustice in connection with one’s employment situation that is brought to the notice of the management. Grievance reflects dissatisfaction or a feeling of injustice. It arises only when employee feels injustice with him. It leads to lower morale and productivity of employee. Grievance occurs in the organization due to various reasons. It includes grievance arising out of working conditions, from management policy, personal mal adjustment and alleged violation of collective bargaining agreement, company rules and regulations, past practices, central and state laws. In order to redress grievance, there should be effective grievance handling procedure. A sound grievance redressel procedure should be conformity with the existing laws and must be acceptable to all. It aims at speedy redressel of grievances. It should be simple to understand, continuously reviewed and updated. The types of grievances heard and redressed in most of the organizations consists of compensation, reward, benefits, gender bias, sexual harassment, promotions, transfer, deputation, shifts and working hours etc.

3.7.18 Knowledge Sharing

Adopt a systematic approach to ensure that knowledge management supports strategy. Store knowledge in databases to provide greater access to information posted either by the company or the employees on the knowledge portals of the company. When an employee returns after attending any competencies or skills development program, sharing essential knowledge with others could be made mandatory. Innovative ideas (implemented at the work place) are good to be posted on these knowledge sharing platforms.
However, what to store and how to maintain a Knowledge base requires deep thinking to avoid clutter.

**Open House Discussions and Feedback Mechanism**

Ideas rule the world. Great organizations recognize, nurture and execute great ideas. Employees are the biggest source of ideas. The only thing that can stop great ideas flooding your organization is the lack of an appropriate mechanism to capture ideas. Open house discussions, employee-management meets,

HR Practices in IT companies Indian Streams Research Journal suggestion boxes and ideas capture tools such as Critical Incidents diaries are the building blocks that can help the Managers to identify and develop talent.

3.8 COMPARATIVE STUDY OF TOP TEN COMPUTER SOFTWARE INDUSTRIES-HR PRACTICES RESULT IN IT COMPANIES:

L &T InfoTech is one of the ten companies in the world to get the PCMM (People capability maturity model) level 5 certification. Sudipta Dev writes on how the company provides continuous learning opportunities to its people for developing competencies for an organization which takes great pride in its rich HR culture, it is not surprising that many of L&T InfoTech's centers in India have achieved the coveted PCMM level 5 certification.

Incidentally, L&T InfoTech is among the 10 companies in the world which have earned this batch of recognition. The company got the award thanks to its people processes and practices and a dynamic
HR team which actively spearheads all people-centric activities. The company currently has a workforce of more than 4,000 professionals.

“L&T has always been focused on HR,” states Dr Devendra Nath, executive vice president of L&T InfoTech. The organization believes that there are four major pillars of HR acquiring talent, enabling talent, grooming talent and building 'the culture'. Nath asserts that competency-based HR is the essence of good HR. “It is the dream of all HR people that everything in the organization be linked through the competency matrix. Competency for every role is well-defined (technical as well as behavioral), even at the time of recruitment and succession planning,” he says, adding that once people are shown a particular career path, they should be equipped with the skills to reach that particular position. And this is enabled by enhancing competencies. Competency development is at PCMM level 3. The HR vision of the organization is to maximize 'Sigma motivation' and the organization believes that implementing the PCMM model in letter and spirit will help it achieve that.

Training emphasis

As a group, L&T has always believed in a life-long association with its people. Most of our top brass have joined at junior levels and risen through the ranks. The organization provides continuous learning opportunities to its people to develop competencies,” points out Vinod Khisty, associate vice president, Human Resources, L&T InfoTech. There is a lot of emphasis on training. It is believed that all those people who have been recruited in the organization after the stringent hiring process are already champions; consequently the entry-level training is called 'Enabling the champions'. This includes 100 days of focused training in classrooms. The modules range from technical to voice
modulation to team management, etc. The soft skills training for L&T InfoTech professionals is conducted at the group’s Rs 10-crore training centre at Lonavala, near Mumbai. The e-learning channel called Gyanpeeth provides just-in-time technical as well as soft skills training. “A person in Sweden might have to make a presentation to the customer the next day. What he has to do is to just log in and learn from the programmed on presentation skills. Furthermore, based on responses the course will keep getting updated to the next higher level. The sense of satisfaction with training is very high in the company and is a great motivator,”

**Stringent Recruitment**

One of the rules of the recruitment process is not to encourage nepotism. This ensures that nobody enjoys a privileged position because of any relationship or association—merit is the primary criteria. Finding the right person is a painstaking effort. “During the selection process, a lot of elimination takes place. Only 4 percent of the people who apply are selected,” informs Khisty. Careful background screening of the candidate is done to judge the attitude and mindset of the individual as the organization only wants to induct those people who want to be “happy doing the job.” Furthermore, when it comes to finding unusual talent, for instance an IT professional with a financial background, they hire CAs and groom them in four months to do the job.

**HR initiative**

The HR department has recently made an innovative initiative of inducting non-engineering graduates in the company, trained them for four months and then put them on the job (primarily coding work). “The loyalty of these recruits will be much higher as this offers them an
opportunity to be a part of the IT industry. The first batch of 30 people has just completed their training, and has done exceptionally well,” states Nath. The quality of training can be gauged from the fact that many project heads are now asking them to be included in their team. “We do a lot of innovation within the scope of HR. And, this culture is prevalent throughout the organization. This results in a belief that every employee can contribute. Money is important but is not the end-all. What contributes to satisfaction in the workplace is a feeling that you have made a difference. I have invested 38 years in the company. Life is about feeling good about yourself—the pride, the ability and the freedom to do things. [To make a difference] think of a good idea and implement it,” says Nath with enthusiasm.

In the present study, six derived factors have been further used. It was found that three factors i.e. 'performance appraisal,' 'selection and socialization of employees' and 'hr planning and recruitment' were moderately practiced in companies; 'performance appraisal' loaded significantly with hr practices such as well defined recruitment policy, regular performance appraisal, due weight to service performance, proper hr information system. This factor brought out the importance of due weight to service performance and proper hr information system in companies.

The factor 'selection and socialization of employees' loaded significantly and positively with variables like selection on the basis of service attitude and competence and socialization of employees. Variables like regular job analysis, regular human resource planning, and emphasis on service employees in hr planning loaded highly on the factor 'hr planning and recruitment.' Indian companies were found stronger on performance appraisal practice than multinational
companies. It was also found that both types of companies gave equal importance to hr practices related to hr planning and recruitment, and selection and socialization of employees. Performance management is a vehicle for the continuous improvement of business performance via a coordinate program of people management interventions (Walters 1995). The HRIS market has now grown significantly across the spectrum of organizational types (Ball 2001).

'Workforce diversity and contemporary hr practices' and 'competitive compensation' were also practiced in companies but not as high as other factors (practices). Workforce diversity here includes variables like workforce diversity, flexible work practices, conducting employee attitude surveys, adoption of new HR practices.

Competitive compensation includes variables like pay for service performance and paying competitive salaries. On workforce diversity and contemporary issues, multinational companies were giving due value to workforce diversity and contemporary issues than were the Indian companies. Indeed, Indian companies were weak on the practice of workforce diversity. Compensation practices were found more competitive or performance based in multinational companies than in Indian companies. Further, Indian companies turned to a seniority basis of compensation rather than competitive basis.

Flexible time has been associated with increased productivity and morale, job satisfaction, reduced absenteeism and turnover, truancy and use of overtime. Comparatively high compensation contingent on organizational performance is one of the key practices of companies that produce profit through people. It plays a key role in recruitment, job performance, and job satisfaction. The pay policy decision can have
a major impact on the quality of a company's workforce and, therefore, on company's performance. Performance-based pay schemes are implemented by the firms in order to induce greater efforts from their existing workforce gave favorable arguments for creating a diverse workforce. Further, in a service economy effective interactions and communications between people are essential to business success.

By managing and valuing diversity, the organization can justify itself as a true representative of the society. Further, it was found that 'training and benefits' was high in practice in the companies. HR practices like training and development, providing service orientation to managers, and benefits to employees were loaded with high significance level on this factor.

'Training and benefits' related practices were comparatively stronger in Indian companies than the multinational companies. Further, a study on Indian organizations clearly indicated the prevalence of gender discrimination in organizations (Kundu2003). Interactive effects were significant on workforce diversity and contemporary issues, training and benefits, and selection and socialization of employees in the present study. Male executives did not favor workforce diversity and contemporary issues as compared to female executives in Indian companies, whereas in multinational companies these factors were highly favored by male executives. In case of training and benefits both males and females received less training and benefits in multinational companies as compared to Indian companies. In case of selection and socialization of employees, female executives perceived more strongly than the males in Indian companies, whereas both perceived equally in case of multinational companies. To sum up, by considering the grand mean scores of Indian and
Multinational companies on six hr factors, it was visible that Multinational companies were comparatively weaker on performance appraisal, training and benefits, hr planning and recruitment, and comparatively stronger on workforce diversity and contemporary issues, selection and socialization of employees and competitive compensation than Indian companies. Multinationals were weak on some factors due to non adaptation of local hr practices.

Bjorkman and Budhwar (2007) suggested that while the introduction of HRM practices from the foreign parent organization was negatively associated with performance, local adaption of HRM practices was positively related with the performance of foreign firms operating in India.47

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